



March 25, 2019

The Honorable Joseph M. Otting
Acting Director, Federal Housing Finance Agency
400 7th Street SW
Washington D.C. 20219

Dear Acting Director Otting:

On behalf of the Capital Magnet Fund (CMF) Coalition, we write to urge that the Federal Housing Finance Agency (FHFA) transfer the 2018 CMF annual allocations to the U.S. Department of Treasury as required by the Housing and Economic Recovery Act of 2008 (HERA). HERA requires the Government Sponsored Enterprises to set aside in each fiscal year 4.2 basis points of each dollar of the unpaid principal balance of new business purchases to be allocated to the Housing Trust Fund and the Capital Magnet Fund. FHFA has issued guidance through memos, which require those funds to be transferred within 60 days of the end of the GSEs' fiscal year. Unfortunately, 60 days have passed, and CMF funds have not been transferred to the Treasury Department.

The Capital Magnet Fund Coalition represents the interests of CMF awardees and affordable housing stakeholders, and includes nonprofit affordable housing developers, community development financial institutions, affordable housing associations, and others interested in furthering the program. The CMF is a public-private partnership, and our members use these flexible federal funds to attract private investment into communities for affordable housing and economic development. The CMF provides funding that non-profit developers and lenders cannot find elsewhere—funding to do pre-development work, create revolving loan funds, establish loan loss reserves, and provide loan guarantees—all critical pieces of affordable housing and community development.

The CMF is a competitive program open to community development financial institutions and nonprofit housing organizations to develop, preserve, rehabilitate, or purchase affordable housing, as well as related economic development activities such as day care centers, community health clinics and workforce development centers. CMF recipients are required to attract at least \$10 of outside capital for each dollar awarded, although in practice they have attracted in excess of \$20 for every dollar awarded.

The Capital Magnet Fund was created to bring needed capital into communities, and over the first three funding rounds, has attracted over \$13.5 billion in capital for critical affordable housing and economic development projects. These investments will be used in communities across the country, and have already been committed in 48 states, representing rural, urban and suburban areas, and meeting needs that would otherwise go unmet. In fact, over 77,000 affordable homes have been created as well as 33,000 jobs supported through the use of CMF resources.

The need for more affordable housing in this nation is great; over 11 million American families pay over half of their income for housing, and over 38 million pay over 30 percent of their income for housing (the accepted standard for affordability). Only one-quarter of those who need and qualify for housing assistance receive it. While the Capital Magnet Fund is only one piece of the housing affordability puzzle, it plays a critical role in helping to meet affordable housing and community development needs. Capital Magnet Fund resources are oversubscribed and only 22 percent of applicants receive funds; additional funds from 2018 are needed to meet affordable housing needs in communities through the country. In

CMF Coalition

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In addition, the delay in transferring the CMF allocation has already pushed back the Treasury Department's schedule for awarding these funds, which means that shovel ready affordable housing and economic development projects will have to wait longer to be completed. The CMF Coalition urges you to allow the GSEs to transfer the \$133 million in CMF funds to the Treasury Department as quickly as possible.

Thank you for your attention to this important matter.

Sincerely,

The CMF Coalition
(member list attached)



Capital Magnet Fund Coalition

Member Organizations

Abode Communities	Leviticus Fund
Atlanta Neighborhood Development Partnership	LISC
BlueHub Loan Fund	Low Income Investment Fund
Capital Impact Partners	MaineStream Finance/Penquis
Central Bank of Kansas City	Massachusetts Housing Investment Corporation
Century Housing	Massachusetts Housing Partnership
Cinnaire	Mercy Loan Fund
Community Development Trust	National Association of Affordable Housing Lenders
Community Investment Corporation	National Housing Trust
Community Ventures	New Hampshire Community Loan Fund
Corporation for Supportive Housing	North Carolina Community Development Initiative
Disability Opportunity Fund	Novogradac and Co.
Enterprise Community Partners	Ohio Capital Finance Corporation
Forward Community Investments	Preservation of Affordable Housing
Foundation Communities	The Reinvestment Fund
Genesis Community Loan Fund	Rhode Island Housing and Mortgage Finance Corporation
Genesis LA Economic Growth Corporation	Rural Community Assistance Corporation
GROW South Dakota	San Luis Obispo County Housing Trust Fund
Gulf Coast Housing Partnership	Self-Help Enterprises
Habitat for Humanity	Self-Help Federal Credit Union
Homewise	Stewards for Affordable Housing for the Future
Hope Enterprise Corporation	Travois
Housing Assistance Council	Twin Cities Habitat for Humanity
Housing Partnership Network	Virginia Community Capital
Idaho-Nevada CDFI	Volunteers of America
Impact Development Fund	Wisconsin Housing and Economic Development Authority
Kentucky Highlands Investment Corporation	Wisconsin Housing Preservation Corporation
Legacy Bank and Trust	